

*Town of Shrewsbury – Requests for Expressions of Interest
Avalon at Shrewsbury Hills
June 13, 2007*

F. Proposed Approach

- *Describe the likely impacts on municipal and school facilities and municipal infrastructure.*

Attached is AvalonBay's assessment of likely impacts on municipal and school facilities and municipal infrastructure.

Likely Impacts on Municipal and School Facilities and Municipal Infrastructure

The following is a summary of the Municipal Infrastructure requirements of the proposed Avalon at Shrewsbury Hills as well as a summary of potential Municipal Impacts:

Water:

The development is proposed to be served with Town of Shrewsbury municipal water. The easterly side of the site at Green Street is within 100 ft of the approved water main being extended from South Street to Green Street for the Farmview subdivision. The extension is due for completion in within 12 months. The main entrance at CenTech Boulevard is located approximately 1,000 ft from municipal water service at the new fire station. Avalon Bay will connect to either water system at the direction of the Water and Sewer Board. Consideration will also be given to looping the two systems if it is beneficial to the Town of Shrewsbury.

Sewer:

The development is proposed to be served by a private on-site sewage treatment plant. This facility will be designed to service all of the apartments within the community as proposed (between 444 and 502 apartment homes). AvalonBay has direct experience in the design, construction and operation of on-site sewage treatment plants and is currently developing a similar private treatment facility in Massachusetts to serve a 400+ unit development.

The firm of Tighe and Bond, Inc of Worcester, MA is designing the other two plants and will likely be retained for this project; preliminary percolation and deep hole tests have been preformed on the site and have indicated the soil will support the design, construction, and operation of the on-site treatment facility. The site and the recharge of the treated effluent is in the Assabet river basin. An alternative recharge location within the Blackstone river basin may be available to the site as well (further study regarding the full feasibility of this option remains outstanding).

Traffic:

Access to and from Avalon at Shrewsbury Hills will be provided through the newly-constructed CenTech Boulevard. A secondary, emergency only roadway will extend to Green Street.

A preliminary traffic assessment has been completed by Tetra Tech Rizzo. In summary, they concluded that "Anticipated site traffic added to the existing volumes Route 20 at the Cherry Street and CenTech Boulevard intersection, the primary gateway to the site, will have nominal impacts on traffic operations due to the recent implementation of a traffic signal at this location."

All traffic exiting the community will either go north to the new Southwest Cutoff lights and Route 20, or south to the MBTA Station and Route 30.

The unique location of this site allows the traffic generated by the proposed community to be dispersed immediately in 4 directions on major commuter roads without any impact on the town center or any other congested roadways in Shrewsbury, particularly Route 9. In addition, the location of Avalon at Shrewsbury Hills, in an employment center and just .6 of a mile from the Grafton MBTA Station, will promote both pedestrian and public transportation.

Life Safety/Fire:

Avalon at Shrewsbury Hills will be constructed in accordance with all Massachusetts Building and Fire Code. Each building will be equipped with a state-of-the-art fire suppression system. The newly-constructed fire station is located roughly 1,000 feet from the entrance of the community.

In addition, our professional on-site management and maintenance teams work diligently to maintain a safe and comfortable community for our residents. We provide residents with 24-hour emergency maintenance.

Trash/Recycling:

All trash removal and recycling at Avalon at Shrewsbury Hills will be managed by a third party, contracted and paid for by AvalonBay Communities.

Community Infrastructure:

All roadways within Avalon at Shrewsbury Hills will remain private and will be maintained by AvalonBay Communities.

School Facilities

We have identified three major qualitative factors which dramatically influence the ratio of school-aged children per apartment home in any particular community. In order of importance, they are:

1. Floor Plan Configuration/ Bedroom Count: The number of children is greater in apartments with more bedrooms. Our proposed development will contain approximately 178 one-bedroom (40%), 244 two-bedroom (55%) and 22 three-bedroom (5%) apartment homes.
2. Affordability: Generally our market rate residents have the means to buy a home and are renting with us by choice. Anecdotally, if and when those residents have children, they typically move into more traditional single-family housing. In our most recent mixed income community, Avalon at

Flanders Hill in Westborough, MA, the affordable apartments have generated a significantly higher ratio of school-aged children per apartment home than the market rate apartments have, which have a nearly identical distribution of bedroom configurations.

Our proposed development will have 111 affordable apartment homes, representing 25% of the total.

3. Reputation of Municipality's Public School System: We have found that holding other items constant such as affordability and apartment size, we tend to have more school aged children living in our communities located in municipalities with stronger school systems. This finding seems to make intuitive sense. While we believe this factor to be much less significant than apartment size and affordability, the reputation of the Shrewsbury public schools will certainly need to be recognized.

Typically, we would use data from our entire Boston area portfolio as the basis of any school age children analysis. However, we believe that the existing Avalon Shrewsbury provides us with the most effective data and sound basis for a school age children projection for Avalon at Shrewsbury Hills. The following chart summarizes data collected from Avalon Shrewsbury (251 apartment homes), broken down by apartment mix. The calculated ratios are then applied to our proposed mix at Avalon at Shrewsbury Hills.

Avalon Shrewsbury - Existing mix and number of school-aged children new to the Shrewsbury School System:

Apartment Style	Number of Apts.	%	# of New School Aged Children	Ratio
1 BR	92	36.65%	2	0.02
2 BR	135	54.79%	27	0.20
3 BR	24	9.56%	12	0.50
TOTAL	251	100%	41	0.16

Proposed mix and projected school-aged children at Avalon at Shrewsbury Hills:

Apartment Style	Number of Apts.	%	Avalon Shrewsbury Ratio	Projected # of School Aged Children at Shrewsbury Hills
1 BR	178	40%	0.02	3.92
2 BR	244	55%	0.20	48.80
3 BR	22	5%	0.50	11.00
TOTAL	444	100%	0.14	63.72

Thus, according to the analysis above, we would project that approximately 64 new school-aged children living at Avalon at Shrewsbury Hills would attend the Shrewsbury School System upon full occupancy. It should be noted that, on average, we have found that the distribution of school-aged children between Elementary and Middle/High Schools is relatively even.

G. Financial Capacity and Credit Worthiness

- *Provide reasonable evidence of the developer's capacity to obtain financing. At a minimum, the proposal must include two (2) references from lenders with prior experience financing developments carried out by the proponent, and a list of developments completed between 2000 and 2006, with contact information with participating lenders.*

AvalonBay Communities, Inc. is a publicly traded Real Estate Investment Trust with a current market capitalization of approximately \$14 billion dollars. AvalonBay's current practice is to fund ongoing development capital requirements through internally generated cash flows, net proceeds from the sale of selected communities, existing capacity of an unsecured credit facility, and the periodic issuance of debt or equity securities. The company's common stock trades on the New York Stock Exchange under the ticker symbol "AVB."

Included documentation supporting AvalonBay Communities, Inc. financial capacity and credit worthiness:

**AvalonBay Communities, Inc. Bank & Investment Account References
AvalonBay Communities, Inc. 2006 Annual Report**

**AVALONBAY COMMUNITIES, INC.
BANK & INVESTMENT ACCOUNT REFERENCES**

Bank of America:

**Lisa Sanders
V.P. Commercial Real Estate
One Landmark Square, 12th Floor
P.O. Box 1454
Stamford, CT 06901
203-973-1984
203-438-7696 – Fax
Lisa.a.sanders@bankofamerica.com**

Wells Fargo Real Estate:

**Steve Gray
Assistant Vice President
1750 H Street NW
Washington, DC 20006
202-303-3010
202-429-2984 – Fax
Stephen.f.gray@wellsfargo.com**

Bank of New York:

**Rick Laudisi
Vice President
Securities Servicing
One Wall Street, 27th Floor
New York, NY 10286
212-635-7621
212-809-9526 – Fax
rlaudisi@bankofny.com**